

**NOTES FROM MEETING HELD ON FRIDAY 8 FEBRUARY 2013, 10.15-2.00 PM
TAKAHANGA MARAE, KAIKOURA WITH HON MINISTER OF ENERGY & RESOURCES, HON SIMON
BRIDGES, NZ PETROLEUM & MINERALS & REPRESENTATIVES FROM ANADARKO PETROLEUM
CORPORATION & MEMBERS OF TE RUNANGA O KAIKOURA & COMMUNITY**

Purpose of the hui is for the Minister to introduce Anadarko to iwi, local government, community leaders and the Kaikoura community relative to the two exploration permits awarded in the Pegasus Basin - 12PEG1 and 12PEG2. Enabling this type of introduction between an exploration company, iwi, local government and community is a significant new step that NZ Petroleum & Minerals is trialling in the Block Offer process.

GUESTS PRESENT

MINISTRY OF ENERGY & RESOURCES:

Hon Simon Bridges, Minister Energy & Resources, Jamie Gray, Private Secretary to Minister, David Binnie, General Manager, NZ Petroleum & Minerals, Kevin Rolens, National Manager, Pieri Munro, Chief Māori Adviser (NZP&M).

ANADARKO

John Gordon, Director Anadarko, Terry Bentham, Environmental Health & Safety Manager, Alan Seay, Corporate Affairs Manager, Anadarko NZ, Anita Ferguson, Snr Corporate Affairs Advisor, Anadarko NZ, + 2 others members of Anadarko

OTHERS PRESENT:

Sir Mark Solomon, Mayor Winston Gray, Emma Dangerfield (Kaikoura Star), Makowira Max Gray, Bruce Pagan, Darcia Solomon, Zoe Battersby, Kathie Roberts, Ailsa Howard (Forest & Brid Chair, Kaikoura), Amelia Taylor, Rachel Vaughan, Kauahi Ngapora, David Rae, Janet Boocock, Paul Boocock, Ralph Hogan, J Sijty, Karen Starkey, Tahua Solomon, Teresa Sonal, Eric Koops, Manawa Hawke, Janine Poharama, Lorraine Hawke, Maria Manawatu, Heather Manawatu, Ted Howard, Dallas Gray, Kd Scattergood, Max Scattergood, Sue Johnston, M Elburgh, Riki Pitama, Darren Horomona Anaha, Lester Baxter, Richard Gemmell, Dominique Manawatu, Shaun Frizzell, Steve Abel, Kathleen Mutu, Adrienne Rewi, Mark Revington, Myra Timms, Brett Cowan, Maurice Manawatu, Steffan Browning MP, Gareth Hughes MP, Mike Smith, Gina Solomon (Minute Taker).

Karakia by Maurice Manawatu.

Mark Solomon (Rūnanga Chair) welcomed everyone to today's meeting and outlined to those present:

- The protocols for today's meeting and the kawa for behaviour within the Wharenui and whole marae complex including respect and kindness to each other, love for all people, people are to be given the opportunity to speak, bearing in mind time constraints, no interjections, we do not disrespect people in this whare or this marae.
- He said he had previously spoken to Alan Seay and invited him to Takahanga to speak with us and our community with regard to the work Anadarko were intending to do off our coastline.
- Noted that questions that cannot be answered today we will ask for a response in writing.
- Emergency procedures should any emergency arise.
- He said he will facilitate and chair today's meeting, Gina will take notes which will be distributed to those who have signed in and given their contact details.
- No filming or photographs inside the Wharenui.
- No recording devices to be used on the Marae.
- We have a set programme we will follow and will try and adhere to the timeframes.
- Copies of the programme and questions are available today.
- As our time is limited we have prepared set questions which have been circulated beforehand.

- He noted he has some questions he will ask, Ralph Hogan has some and Linda Kitchingham will follow, then it will be opened to take questions from the floor, if questions are not asked or answered we will make a note of them and forward them on to obtain the answers.
- He noted we have gone through a process developing a plan to protect our coastline, Te Korowai o Te Tai o Marokura. A Plan that is managed and governed by the community.

Pieri Munro responded to the welcome and outlined what was to follow, introductions, presentation from the Ministry and Anadarko.

Hon Simon Bridges, offered thanks for the welcome and paid respects to Ngati Kuri and under the umbrella of Ngai Tahu. He acknowledged his colleagues, Colin King, Gareth Hughes, Steffan Browning and Mayor Winston Gray. He noted:

- Had recently given a presentation with regard to the minimum wage.
- If you want higher minimum wages you need a higher waged economy and used as an example the Taranaki region, highest productivity in NZ, highest wages per capita in NZ as a result of successful investment over many years in petroleum oil and gas, the other area being the east coast, heavily populated with Maori, one of the poorest regions in NZ.
- We don't know what is there, let's do testing and surveys and let's see, so we can as a country and region make some decisions.
- Anadarko have an excellent safety record, they have the tender to do the blocks, some 150 kms out to sea.
- This is for you and us to have an open and frank dialogue, 5 years down the track another decision about whether we then allow mineral extraction in this area will need to be made.
- Is new to this portfolio.
- His view is we must have first class health and safety and environment practices in this country. We are not there yet with health and safety but by the end of year he plans to put a plan into action.
- We can and we should grow our economy, job and wages, from our natural resources and flow on effects.
- Grateful to being here and looks forward to listening and understanding, hearing questions, and answers from technical team.
- Looks forward to this open and frank dialogue.

David Binnie introduced himself and noted:

- Heads up NZ Petroleum & Minerals.
- Charged with bringing right companies in.
- Last year we changed process of how we allocated permits, time it takes to make decisions, the time set and your input.
- Wants to go through the process and integrate us on the process.
- We made a change to process of allocation. Prior to 2012, companies would come to us with a map and say this is what we want to do, amount of dialogue was limited.
- New legislation builds in 2-3 years of consultation. This year is the 2nd year of change.
- Thank you for your submissions we read them considered them.
- We will do our best and if we don't get through everything, we will answer questions
- Thank you for opportunity.

Kevin Rollens noted:

- Heads up Petroleum group inside NZ Petroleum & Minerals.
- Wants to discuss petroleum in NZ.
- Very important to us.
- Wants to put into context, 2 components, values and risks.
- Have taken into account the questions, hope our presentation covers the questions but if we don't, will endeavour to do so.

Kevin gave a PowerPoint presentation.

John Gordon introduced himself noting:

- Exploration Manager for Anadarko, Asia/Pacific including NZ. Thanked opportunity for meeting and took the hui through a PowerPoint presentation.

Terry Bentley, Anadarko introduced himself and continued through the PowerPoint presentation noting:

- Is in charge of health and safety, manages environment health & safety.
- Works in NZ.
- One of first thing we do is try and understand local environment and situation. We try and understand culture, regulations and what is required. We look at what is the most strict, standard, industry standard and what we do.
- We always do environmental impact assessments, environmental management plans, waste management plans, emergency response plans, Medevac plans, aviation review, monitoring EHS compliance.
- Safety case administered by Department of Labour.
- Spoke about marine mammals, whales, dolphins and noted the work DOC had put in with regard to such marine life and exploration work.

It was noted:

- Pegasus Blocks, from Wellington, closest point is 50 kms, Anadarko will probably work 150 kms out.
- From Kaikoura, closer point to Kaikoura is 120 kms, probably will operate out from 150 kms beyond.
- Is a 5 year programme.
- Year 5 would be the time a well would be drilled if decided.
- We are very early on in the programme.
- We are a long way off from drilling, 5 years off, and will only occur if Anadarko think it has merits in testing.
- Under the current regulations there are 4 observers on board exploratory boat, 2 marine mammal observers, 2 PAM (passive acoustic monitoring – conducted during low visibility or at night) observers, 2 in the day and 2 at night.
- Different countries have different regulations and standards, Anadarko operate at the higher standard.

Mark began the Open Forum session and referred to Question Sheet 1 but spoke in general.

QUESTION:

He noted that when the Rena occurred, NZ did not have in place the issues to deal with that disaster. We watched in horror the Gulf of Mexico, this area is deeper, we do not have the equipment to deal with it. People of that area cannot eat the shellfish for another 50 years, 3 generations of people cannot gather. I accept the economics, but with all due respect for this community we place the environment at a higher level. How will Anadarko, if we drill oil, how will it help this community, jobs, benefits to this community, looking at the blocks, all of your access will be via Wellington, despite being off our coastline as well, will you work with this community and discuss how you will help this community? As a founder of the Iwi Chairs' group, when the Ministry reported back, you sent lowly people not with knowledge or any authority. Only a couple of companies and you are one have come out into the community and consulted with community, thank you, you are willing to come here, but you need to be realistic, we need assurances, if we had a Gulf of Mexico, how will our nation deal with it?, I would hate to see, as a 15th generation off this coastline, I would hate to see 3 future generations not being able to access our coastline, how will we the nation deal with this? Mark thanked Anadarko for coming and also asked will you share your policies and processes and have a dialogue with us?

REPLY:

Environmental and risk concerns are analysed and taken into consideration. Around the mammal sanctuary (Te Korowai Strategy), original block abutted the proposed extension of mammal sanctuary, so

we cleared that and put blue water, we considered this. Environmental and oil spills, we are about prevention and protection. It is a staged process of decision. We understood the concerns, the process of answering questions comes through stages, focus is on prevention not failure, preventing in the first place.

3 gates this company has to get through. We will work if we don't see commercial benefits. We have passed first gate, capability of engaging with community, we think we have health and safety to minimise risk but are not able to do until we have a dialogue and assess.

Integrity of what you leave behind, you need to ensure design an operation around integrity is sound that has to be assured. Health and safety of people involved needs to be assured. Environmental assessment is a check and a balance, what is there at start, how they plan to leave it, we will make judgements as a Government.

They are 3 or 4 years down the line, it is critical they understand everything, geology, seismic risk, etc. Rena, and Maritime capable, we are not talking about a ship grounding we are talking about a reservoir, it is a hole in the ground and production process, is accessed and designed up front.

The obligation is not just Maritime NZ is one country as well so obligation to provide system and process is good as can be to cap and clean up, is a collective responsibility. Anadarko need a robust spill contingency plan. It is not just Maritime NZ.

QUESTION:

Mark: what is NZ's capacity to deal with it?

REPLY:

Hon Simon Bridges: I understand concerns, in relation to your consultation, you have my assurance, cannot be at every hui, is my intention we are there at an appropriate level, let me know personally if it isn't. Environmental issues raised I give you my assurance I want to deeply understand what situation is and prevention, worst case scenario, working to make sure these are worked on this year.

REPLY:

Alan Seay: Whole world saw what happen in Gulf of Mexico. We can talk about capping and technical stuff, what we have to do in years to come is to work very hard to gain the trust and confidence of you people and over time maybe we can work together and build up our knowledge and find out what really is involved. Hope this is the beginning of an on-going korero, we have the time, is a 5 year programme before we want to make a hole in seabed, share knowledge, work together, trust each other. I love this coastline as much as anyone.

QUESTION:

Ralph Hogan: of great concern is in 5 years when that well is drilled. We were assured by your predecessor (Hon Phil Heatley) that every drill would require a marine consent, publically notified, discretionary activity. It is critical that that does not get lobbied out of the EZE process. We hear it will be changed to permitted, controlled permitted, it can't go back to that.

REPLY:

Hon Simon Bridges: I do not have a detailed understanding of the EZE legislation. Wanting to make health and safety better. It is Ministry of Environment legislation. I do not know what Phil Heatley said, if he did say it would have been on behalf of Government.

QUESTION to Anadarko:

Before drilling will it be publically notified?

REPLY:

Anadarko will work with regulators.

Ralph Hogan: sometimes regulators and Government do not always have all the answers.

REPLY:

Anadarko. We will work with community but are obliged to work with Government. Will apply to all requirements.

QUESTION:

Ralph Hogan: re jack up rigs, in case of a blow up. We know they are months and months away. Will Anadarko have jack up rigs in NZ waters.

REPLY:

Jack up rigs work in shallow waters. We put great focus on prevention. We look forward to dialogue. Every step along way we will come to you and talk with you. We have rigs around the world, we have a few drilling rigs, there are assets available to Anadarko that we could bring to bear. Before drilling we assess, offshore rigs move all over the world at the time of drilling we will make a note of where those offshore rigs are.

QUESTION:

Ralph Hogan: it is important that public can have full input into the process. Is Anadarko prepared to post a bond prior to drilling?

REPLY:

Hon Simon Bridges: I understand your desire to get detailed answers, no drilling for 5 years, will make sure we have the best practice in the world, in terms of bond, rigs, I don't have the answers, buck stops with Government, Anadarko will play by those rules.

QUESTION:

Ralph Hogan: when you do your risk assessments and you make those available, is there a risk percentage that you know is worth taking, do you have some sort of number, we view it as like playing Russian Roulette, if you win you come out great but if you don't, you don't, what risk percentage is worth putting this community through, destroying it, with due respect, many of us cannot agree to drilling out there at that depth at today's level of technology we don't think it is a good idea. 5 years is a short time to convince us?

REPLY:

John Gordon: we understand and we hear your concerns, there is nothing more important to protecting the environment, health and safety of our workers. We all saw in 2010 in Gulf of Mexico. No company more disgusted than Anadarko. At no time was Anadarko involved in that process, we were a passive investor. It was tragic, 11 lives lost, oil spill, it was a preventable incident, it should have never happen, if normal industry practices would have been followed, should not have happen. As a passive investor we were not liable, we settled with BP.

Hon Simon Bridges: there is no room for complacency, you are raising the risk, you should understand in NZ we need best practiced, we have time.

Ralph Hogan: deepest well, first oil well went in offshore in 1969, gas wells. First oil well went in last year, this 100 years of safety is touted, we are not talking offshore or the depths.

Hon Simon Bridges: I understand.

QUESTION:

Zoe Battersby: have you factored in earthquakes, there is a fault line that runs down coast and through the land and down South Island. In the South the Pacific Plates goes over Australasia, somewhere in there is a cross over, you should be seriously thinking should that fault rupture?

REPLY:

David Binney: geology, etc needs to be part of process, have not decided where we are drilling, is exploratory.

QUESTION:

Linda Kitchingham: All due respect to Simon, question to Anadarko, given 30 billion cost of clean-up are you prepared to put up a bond before you do any drilling, to cover any eventualities?

REPLY:

John Gordon: what we are prepared to do is anything that is required of us, not just Anadarko but any company around the world carry high level of insurance. But we will adhere to whatever is required by us by the Government.

Hon Simon Bridges: if Anadarko get the permission from us they are liable and I have no doubt they will pay.

QUESTION:

Darcia Solomon: When the Rena went down. Company paid the government but those people in that area didn't get the money.

REPLY:

Hon Simon Bridges: I live there, the company is still paying.

QUESTION:

Darcia Solomon: who gets the money? I am thinking of those Maori and their kaimoana, in this community not just Maori that eat the kaimoana.

QUESTION:

Teri Sonal: can you let us know what months you will be doing seismic testing?

REPLY:

John Gordon: a lot depends on vessel availability, weather. I could give you a window, early as December, late April 2014.

QUESTION:

Maria Manawatu: seismic data provided by GMS in 2011, did they provide you with data before or after the February quake?

REPLY:

Hon Simon Bridges: we will need to come back with that information.

Maria Manawatu: a lot of activity still coming from that basin.

QUESTION:

Tahua Solomon: in 5 years' time drilling goes ahead, jobs, terminals to store gas, oil, dyes, ship come to take it away, terminals on land, enlighten us in exactly what you expect to do?

REPLY:

Alan Seay: too early to speculate, a lot of different considerations to consider.

QUESTION:

Brett Cowan: if there is a spill, tourism one of 3 main industries in Kaikoura, would be a huge impact on tourism industry.

REPLY:

Hon Simon Bridges: with respect, in worst case scenario, my understanding is you would get compensation.

QUESTION:

Community Member: today US navy just killed 30 million animals. Your Board of Directors of Anadarko responsible. Today US army they have no care for the marine life to slaughter up to 30 million animals.

Mark Solomon: with respect to what we are discussing, your comment is not relevant.

QUESTION:

Community Member: Where was Aquila Explorer the day before the quake?

REPLY:

That boat was in Wellington on the day before the earthquake.

QUESTION:

K D Scattergood: re jobs, re your process I don't understand why you have to prove you can safely drill for oil, seems a backward process you look for the oil and then find out how much oil before you access oil?

REPLY:

Hon Simon Bridges: how does NZ stand up to big oil company? I met Anadarko today I represent NZ and the Government not Anadarko, and ultimately if it doesn't stack up, reality we will make decision.

K D Scattergood: with due respect, think you are being naïve.

QUESTION:

Gina Solomon: I would like to ask a question around the continued use and burning of fossil fuels for energy and the effects this has on climate change and sea level rise. Science has told us that man directly contributes one third more carbon dioxide emissions into the atmosphere, through the burning of fossil fuels. Carbon dioxide is the gas that heats our environment. When our environment heats, it melts ice. It's already well known that Antarctica is melting, causing sea level rise. If both Antarctica and Greenland melts, it is estimated it will cause sea levels to rise at least 20 metres by the end of this century that is only 80 odd years away. The heating up of our atmosphere coupled with sea level rise, will create devastation that we can't really begin to comprehend. My question is, when is this government and this company going to face these facts and change its method of energy production?

REPLY:

Hon Simon Bridges: I appreciate everything I am to say is contestable, my understanding is this business doesn't know if it is going to get gas or oil, my view and many of you won't agree with, when it comes to gas has good effect on climate change, gas more carbon friendly source than many other dirty fuels. Is a solution to climate change, I accept oil, world is still using oil, every single person in this room will use oil in years to come, I will not feel bad using it and I don't think you will either.

QUESTION:

Mike Smith: specific oil ship being constructed in Korea, has been contracted by Anadarko to do drilling given the fact there aren't many rigs available, suggests to me availability of relief rig, even though you say you have them around the world is fairly limited, no one wants to see it, given worst case scenario, you can guarantee, given best international practice, given the Gulf, I would say to you Simon, you need to require there must be a relief rig as part of regulatory framework, I know is a huge cost but when you weigh up

costs of the damage likely to occur, all of a sudden those numbers... I challenge you Simon to seriously consider it. Let's hope it doesn't. I don't see benefits for nation, planet. As a bare minimum needs to be in safety plan.

REPLY:

Hon Simon Bridges: I will give that serious consideration, I absolute mean this, I want absolute best and will want them to work very hard, I will challenge them hard.

Mark Solomon noted on behalf of Ngati Kuri and our community thanked the Minister and staff, thanks also to our manuhiri from overseas. He noted you cannot form a relationship without talking, your agreement to looking at your plans and processes will go a long way.

Pieri Munro thanked Ngati Kuri and the Kaikoura community for today's meeting.

Mark said that Ngati Kuri would like to discuss with Anadarko what kaitiakitangi is and what it means within the Maori world.

Mark thanked everyone for being here today.

Meeting ended at 2.00 pm.

Gina Solomon
MINUTE TAKER